

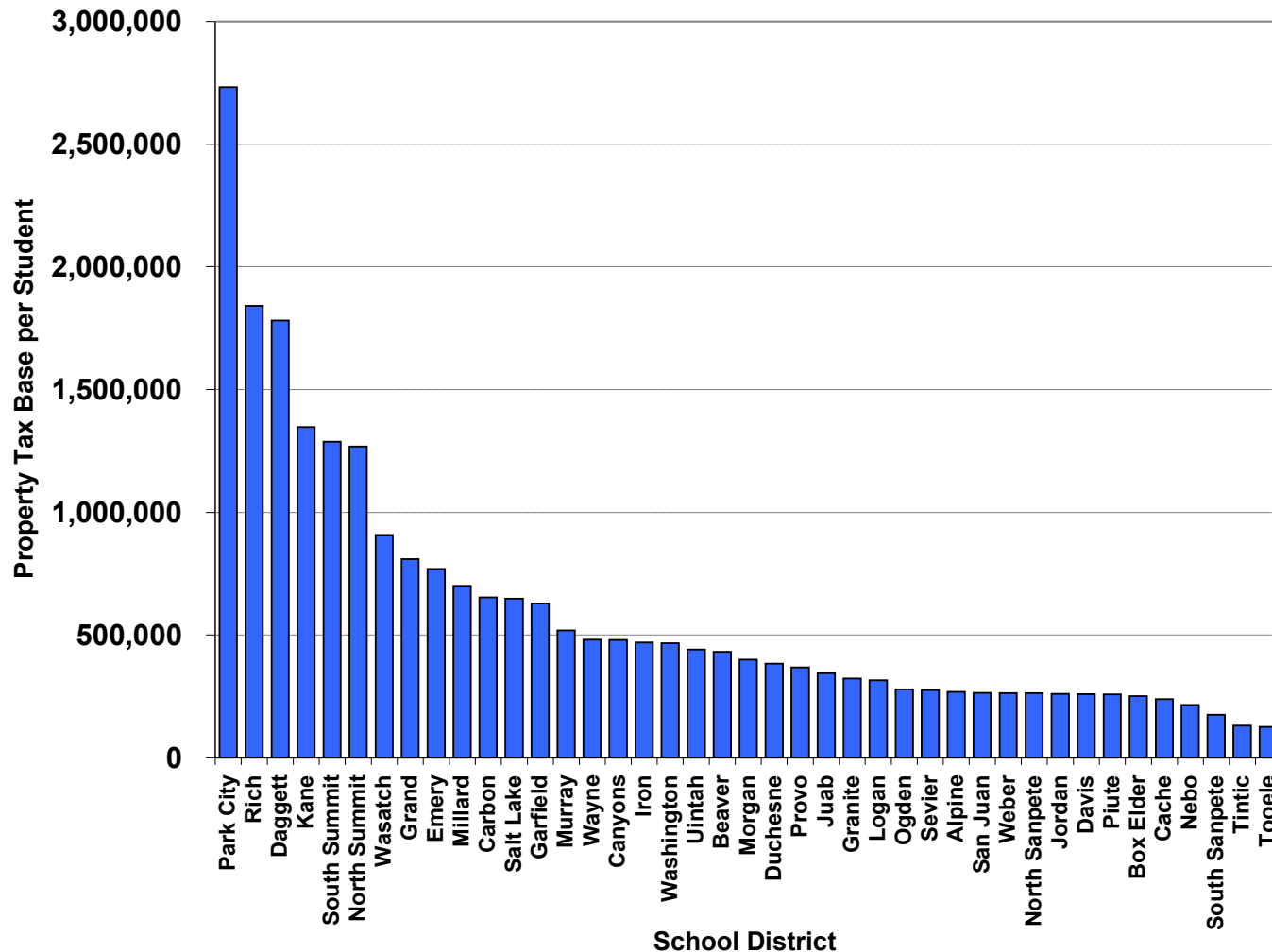
# Equalization Proposal

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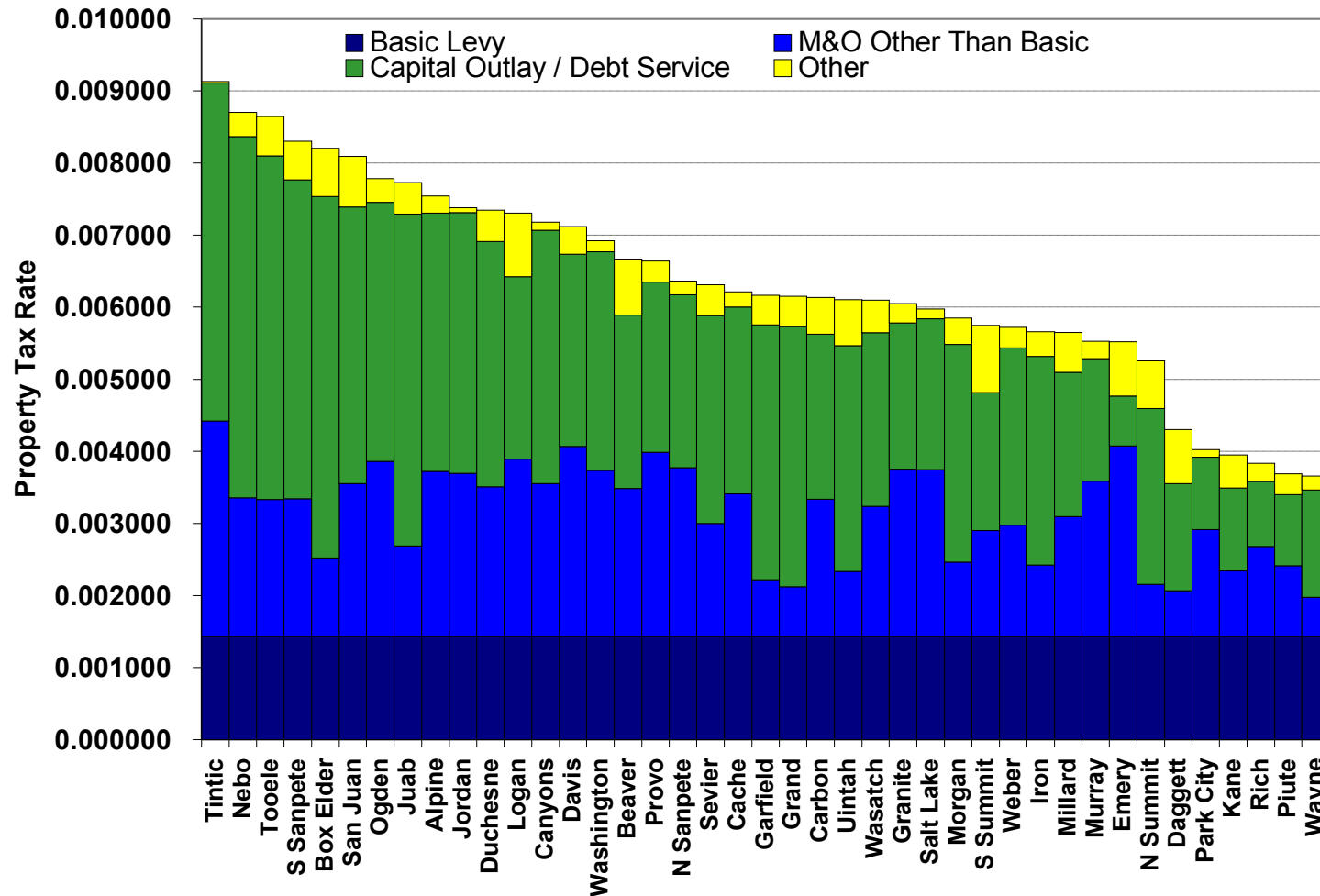
Sen. Adams

August 18, 2010

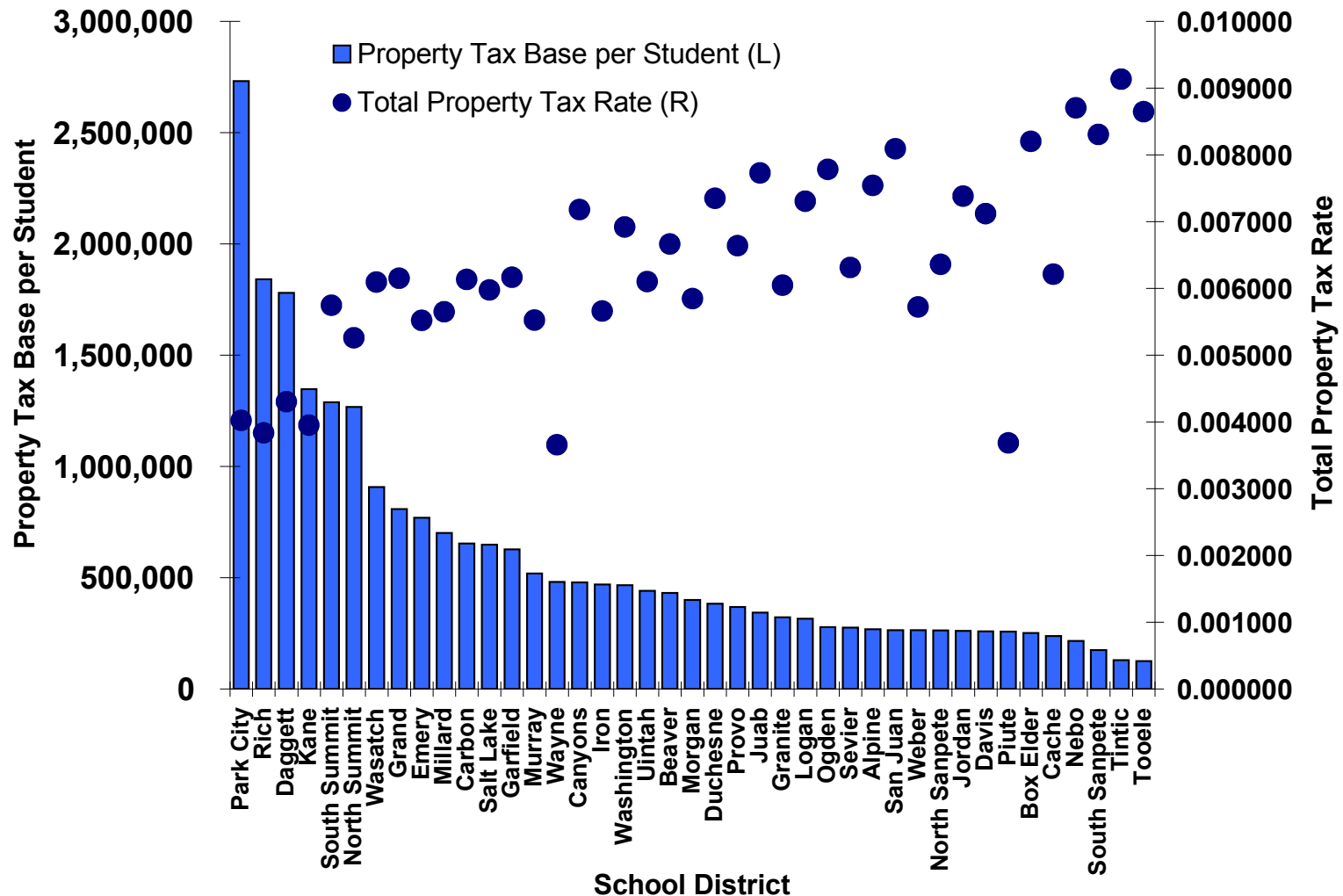
# Property Tax Bases Vary Substantially



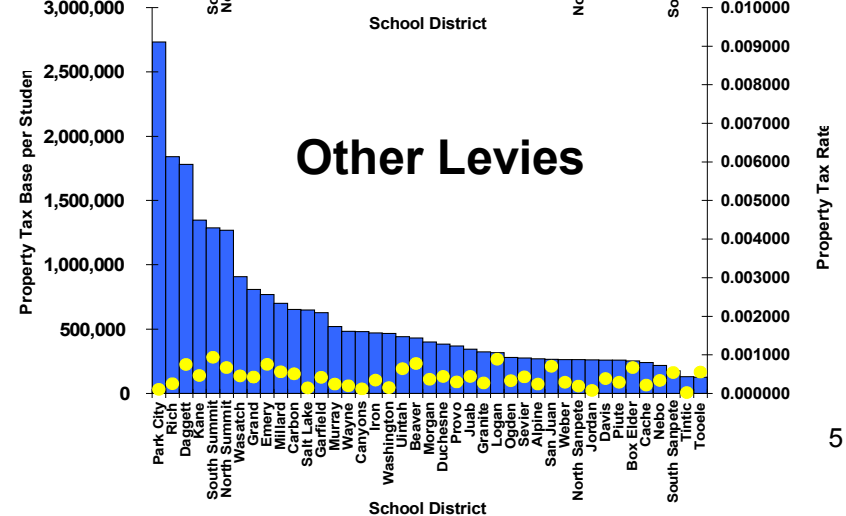
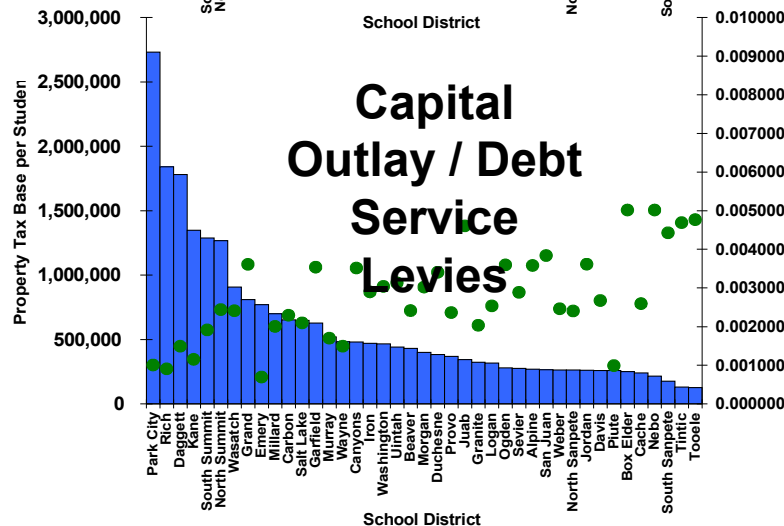
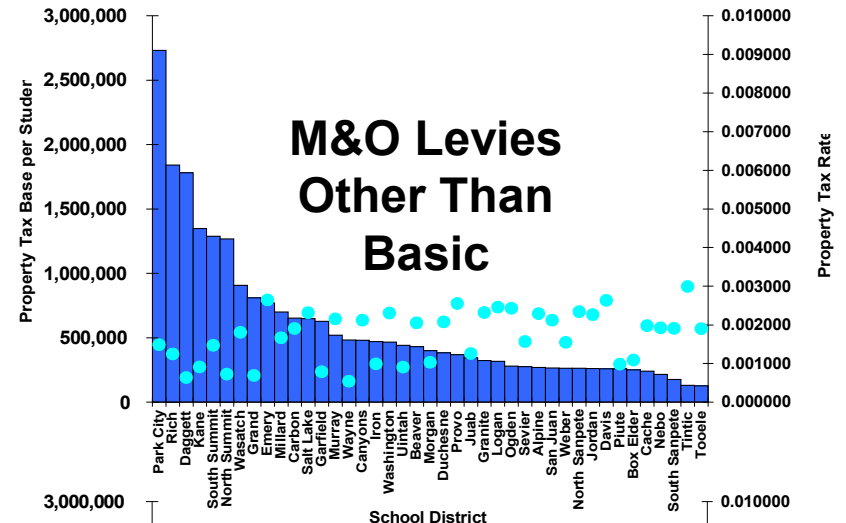
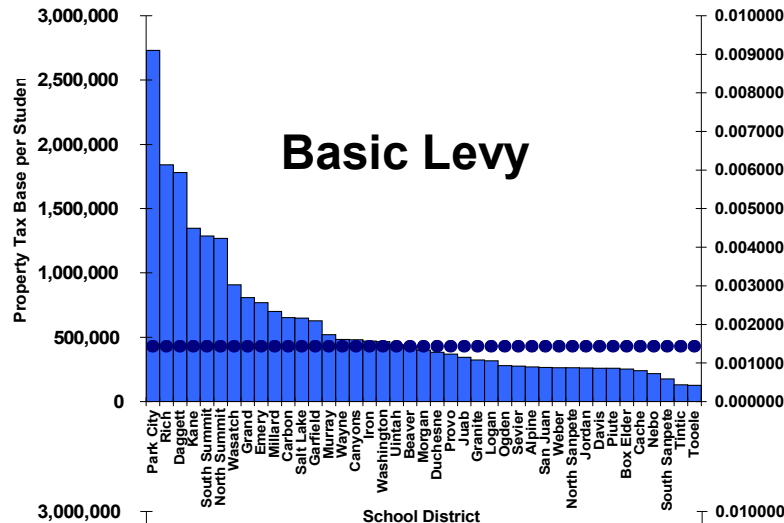
# Property Tax Rates Vary



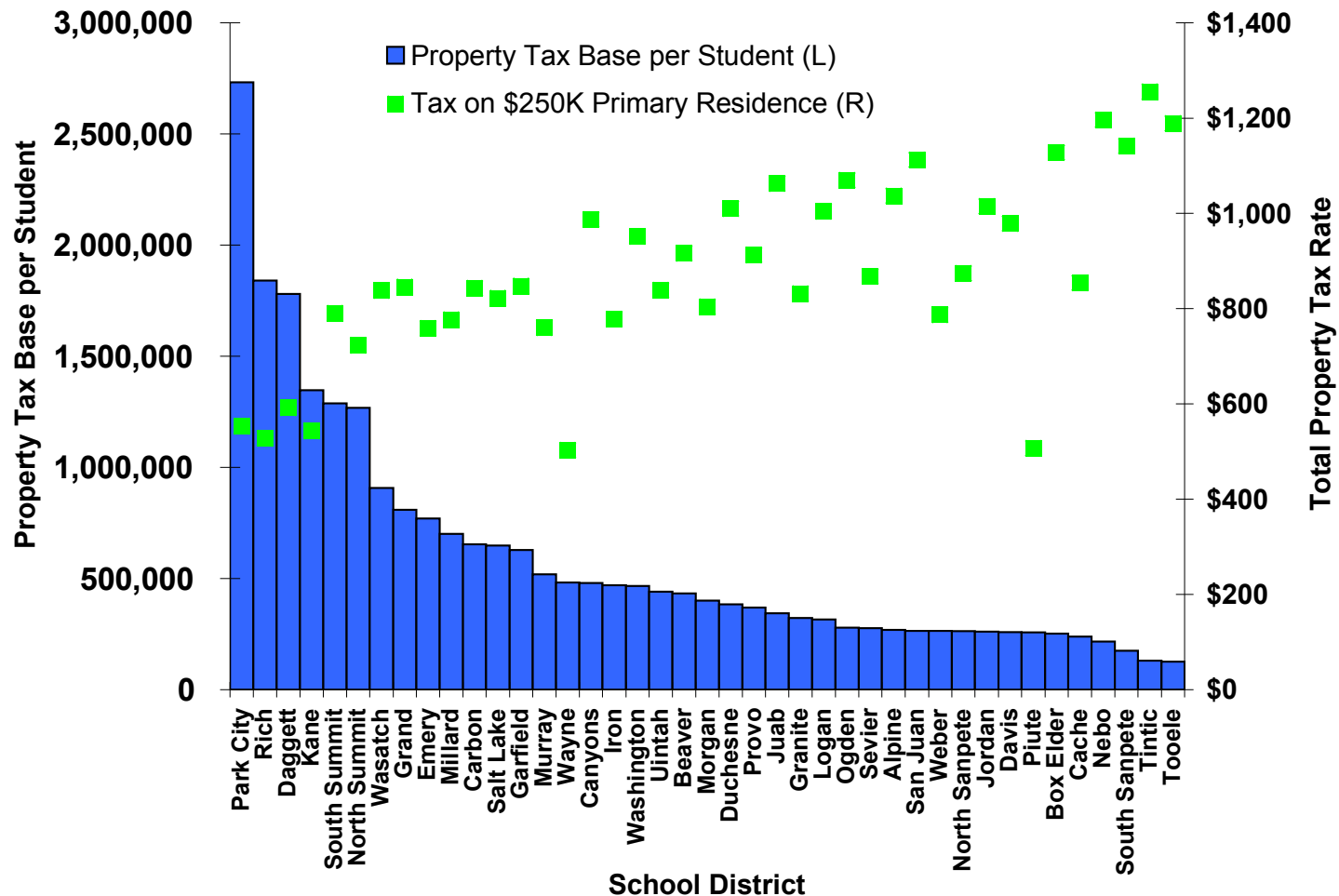
# Property Tax Base & Rates



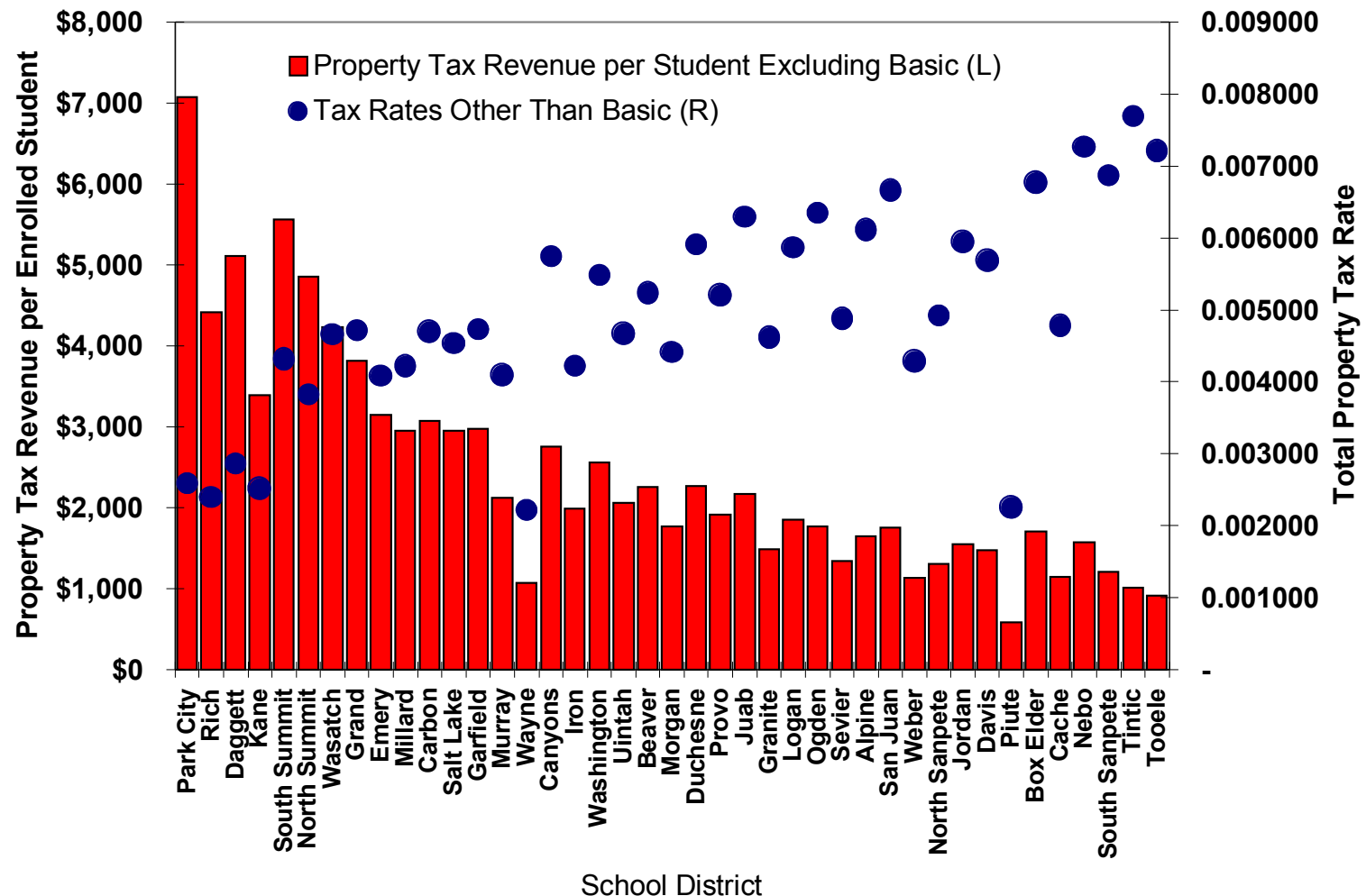
# Property Tax Rates, by Type



# Property Tax Impacts



# Property Tax Revenues & Rates



# Equalization

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- ❑ Utah's Constitution charges the Legislature with establishing and maintaining a public education system
- ❑ The Legislature has provided for creation of school districts and charter schools in fulfilling that obligation
- ❑ Large disparities among school districts currently exist in the property tax, one of the major school funding sources, impacting:
  - ❑ Students
  - ❑ Taxpayers
- ❑ Charter schools cannot impose property taxes
- ❑ The basic program is fully equalized statewide
  - ❑ Income tax and property tax basic levy
  - ❑ WPU allocation (includes both school districts & charter schools)
- ❑ Other minimum school program components fully or partially equalized statewide
- ❑ Capital outlay has comparatively minimal equalization
- ❑ Further equalization could be done through
  - ❑ Income tax – currently fully equalized statewide
  - ❑ Property tax – statewide pooling of property taxes, through uniform levy such as current basic levy
  - ❑ Sales tax – uniform sales tax imposed statewide for education



# Why Equalize?

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- ❑ More equal tax burden for taxpayers
- ❑ More equal educational opportunity for students
- ❑ Legislature is charged establishing education system – should be roughly comparable statewide
- ❑ Most of operations is already equalized statewide – Capital outlay should also be equalized statewide
- ❑ Income tax is already equalized statewide – Property tax should also be equalized statewide
- ❑ Charter school students should be funded similar to district school students

# Equalization Proposal

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- Focus on capital outlay equalization
- Two equalization options
  - **Property tax**
    - Impose uniform property tax rate statewide for capital outlay
    - Allocate revenues based on:
      - % of total enrollment (or WPU's)
      - % of enrollment growth
  - **Sales tax**
    - Impose earmarked sales tax statewide for school capital outlay
      - Reinstate sales tax on food and increase sales tax rate by 1%
      - Offset sales tax increase with property tax cut (revenue neutral overall)
        - School district property tax reductions based on equalization program allocations
    - Allocate revenues based on:
      - % of total enrollment (or WPU's)
      - % of enrollment growth